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July 24, 1997

Via Hand Delivery

Mr. William F. Caton
Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: *Horizon Personal Communications, Inc.*
Notice of Ex Parte Presentation - WT Docket No. 97-82/ DA 97-679

Dear Mr. Caton:

On July 23 - 24, 1997, representatives of Horizon Personal Communications, Inc. ("Horizon") met with Ms. Jackie Chorney, Legal Advisor to FCC Commissioner Reed Hundt, and Mr. Jon Garcia, Office of Plans and Policy, as well as the legal advisors for Commissioners Susan Ness, Rachelle Chong, and James Quello (*i.e.*, Mr. David Siddal, Ms. Suzanne Toller, and Mr. Rudolfo Baca) to discuss issues relating to the restructuring of broadband PCS C-Block installment payment obligations, and the comments and reply comments filed in response to *Public Notice* DA 97-679, WT Docket No. 97-82. A summary of Horizon's oral presentation is attached hereto in accordance with Rule Section 1.1206(b).

Sincerely,

A handwritten signature in black ink, appearing to read "William A. McKell".

William A. McKell
President
Horizon Personal Communications, Inc.

cc: Ms. Jackie Chorney
Mr. Jon Garcia
Mr. Rudolfo Baca
Mr. David Siddal
Ms. Suzanne Toller

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Summary of Horizon PCS Recommendations

Issue:

How the FCC should modify the installment payment obligations it has imposed upon broadband PCS entrepreneurs, and otherwise modify its PCS rules, to promote the interests of small businesses, increase competition, and provide advanced wireless services to non-metropolitan areas as quickly as possible.

Background:

The Wireless Telecommunications Bureau ("Wireless Bureau") of the FCC has requested comment from broadband PCS licensees and others on alternative financing arrangements for PCS C- and F-Block licensees. Horizon PCS, which is an affiliate of the Chillicothe Telephone Company, is the C-Block broadband PCS licensee in the Basic Trading Area ("BTA") markets of Athens, Chillicothe and Zanesville-Cambridge, Ohio as well as Huntington and Parkersburg, West Virginia.

Recommendations:

Although Horizon PCS is well along in the design and construction of its broadband PCS network, and is prepared to pay for its licenses in accordance with the existing license payment terms, Horizon PCS believes that its success, and the success of other PCS entrepreneurs, will require that *all* C- and F-Block licensees have an opportunity to succeed. Restructuring the installment payment plans of all broadband PCS entrepreneurs, in accordance with the following recommendations, is in the public interest and should be achieved as soon as possible.

- Provide PCS entrepreneurs with the following options to restructure their license payment obligations:

(1) allow companies to prepay for their licenses at prices discounted to reasonable A/B-Block auction values, in exchange for a reasonably accelerated buildout schedule;

(2) allow companies to defer interest payments for five years and pay the entire principal in year ten, in exchange for a reasonably accelerated buildout schedule;

(3) allow companies to return selected BTAs for reauction without default penalties; and

(4) *allow companies the option of continuing to make license payments according to their current obligations;*

- Requiring licensees to agree an accelerated buildout schedule in exchange for restructured payment obligations is in the public interest since it will ensure that the public benefits from any change in license payment terms.
 - By requiring an accelerated buildout schedule, the Commission is *restructuring* the C-Block debt in a way that furthers the goals of encouraging small business participation and rapid deployment of advanced telecommunications services in less populated areas. Thus, the revised repayment rules will not constitute a mere forgiveness of debt.
- The idea of an “amnesty program” received wide support among the commenters and reply commenters, as well as participants in the June 30 public forum. This will create a pool of licenses for prompt reauction.
- Allowing companies to maintain their existing payment schedules will allow companies to perserve their existing business plans and buildout schedules.

In conjunction with these reasonable modifications to the FCC’s installment payment plan, the Commission should modify its broadband PCS rules that apply to geographic partitioning and spectrum disaggregation transactions in a manner that is economically rational and will promote the rapid introduction of advanced wireless services to non-metropolitan areas.

- Allow entities that are partitioning and/or disaggregating one-third or less of the MHz-pops in a BTA to participate in the installment payment plan based on a negotiated price, rather than assuming a *pro-rata* share of the existing debt.
- Numerous reply commenters supported Horizon’s proposal. No reply commenters opposed it

The record in this proceeding makes it clear that the Commission should:

- Correct the interest rate on C-Block installment payment plans to reflect the federal government's actual "cost of money." Horizon has demonstrated that the applicable rate of interest should be 6.535 percent.
- Refund all March 31, 1997 installment payments made by C-Block licensees. It is unfair for the FCC to penalize licensees that made timely payments by withholding funds they could otherwise use to construct and operate their broadband PCS systems.